Bond Compass

Q1 2022

Preparing for Normalisation

04 **Investor Sentiment — Flows and Holdings**

09 **PriceStats® Analysis**

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A Leader in Fixed Income Index Investing

$608

billion in indexed fixed income assets

The Scale to Specialise

- State Street Global Advisors' global scale enables our portfolio managers, traders and investment strategists to be sector specialists and based in their geographic markets
- Our dedicated capital markets teams provide 24-hour coverage across global markets, offering enhanced liquidity and cost-efficient* trading strategies
- Entrusted with $608 billion in indexed fixed income assets, managing 30+ currencies across 40 different countries**

25

years of bond index investing experience

Proven Track Record

- 25 years of bond index investing — our first fixed income index fund launched in 1996
- Manage more than 100 fixed income index strategies, providing choice for investors
- More than 100 fixed income professionals dedicated to conducting research, managing risks and costs, and supporting our clients

100+

fixed income index strategies

Innovative Solutions for Bond Investors

- Comprehensive range of cost-effective* ETFs
- Offering access to government and corporate bonds across the yield curve, using a consistent index methodology

* Frequent trading of ETFs could significantly increase commissions and other costs such that they may offset any savings from low fees or costs.
** State Street Global Advisors, as of 30 September 2021.

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Investor Sentiment — Flows and Holdings

A snapshot of global fixed income flows, holdings and valuations, based on data provided by State Street Global Markets.*

* The fixed income flows and holdings indicators produced by State Street Global Markets, the investment, research and trading division of State Street Corporation, are based on aggregated and anonymised custody data provided to it by State Street, in its role as custodian. State Street Global Advisors does not have access to the underlying custody data used to produce the indicators.

Fixed Income Flows and Holdings

State Street Global Markets builds indicators of aggregated long-term investor behaviour in fixed income markets from a substantial subset of $12 trillion worth of fixed income assets under custody and administration at State Street.* This captures behavioural trends across tens of thousands of portfolios and is estimated to cover just over 10% of outstanding fixed income securities globally.

The Swarming Kettle of Hawks

Monetary authorities finally called "no mas" to the inflation threat, with several developed market (DM) central banks raising rates or signaling that rate hikes are coming soon. This comes as no surprise to emerging market (EM) bankers who tightened financial conditions for the better part of 2021, even as their larger counterparts espoused the belief that surging prices were temporary. While we think that many still view supply chain and energy induced inflation as transitory, more problematic structural concerns have emerged in wages, services and shelter costs. Our PriceStats® readings on inflation show just how stubborn higher prices have become, with DM inflation near 4% and EM inflation more than 15% (see Figure 2 in PriceStats®).

While not alone, the US Federal Reserve's (Fed's) hawkish pivot was notable in how quickly it shifted gears toward rate hikes. Although it was considered one of the most dovish central banks in our MKT MediaStats sentiment index just six months ago, the market now expects six US rate hikes over the next two years. For the Fed, the past quarter has included the start of the taper process, an acceleration of the taper schedule and strong signals that it will start raising rates in mid-2022. Not to be outdone, the Bank of England and Norges Bank both raised rates in the fourth quarter, with signals that the normalisation process will continue in 2022. There were a few holdouts, however, as the European Central Bank (ECB) and Bank of Japan (BOJ) continue to sound uber-dovish. Overall, we added 400 basis points into 2022 G-10 rate hike expectations in the fourth quarter, with all but the BOJ expected to roll out some form of tightening this year.**

Despite the general agreement that hikes are coming, the dispersion in views on where rates settle has never been wider. Therefore, we may see aggressive hikes from the likes of the Fed, Bank of Canada, Norges Bank and the Reserve Bank of New Zealand this year, but hardly a peep from the ECB, BOJ, Riksbank and the Swiss National Bank. Longer term, expectations are that hikes will be shallow and most likely fall short of prior rate normalisation cycles. While this would generally be supportive of risk assets, the potential for a rapid upwind of rate cuts raises the specter that central banks will begin to normalize balance sheets, which proved problematic the last time the Fed embarked on quantitative tightening.

These crosscurrents have left the markets in a precarious position, and we have seen investor behavior recently turn negative across the rate markets, with our shorter-term indicators pointing at selling across both DM and EM. Demand for Treasury Inflation-Protected Securities (TIPS) nonetheless remains strong, indicating continued inflation concerns even as longer-term expectations remain well anchored. Constructing a soft landing has never been easy for central bankers and, for the moment, investors are cautiously approaching fixed income assets.

* State Street Global Markets, as of 30 September 2021. ** State Street Global Markets, as of 31 December 2021.

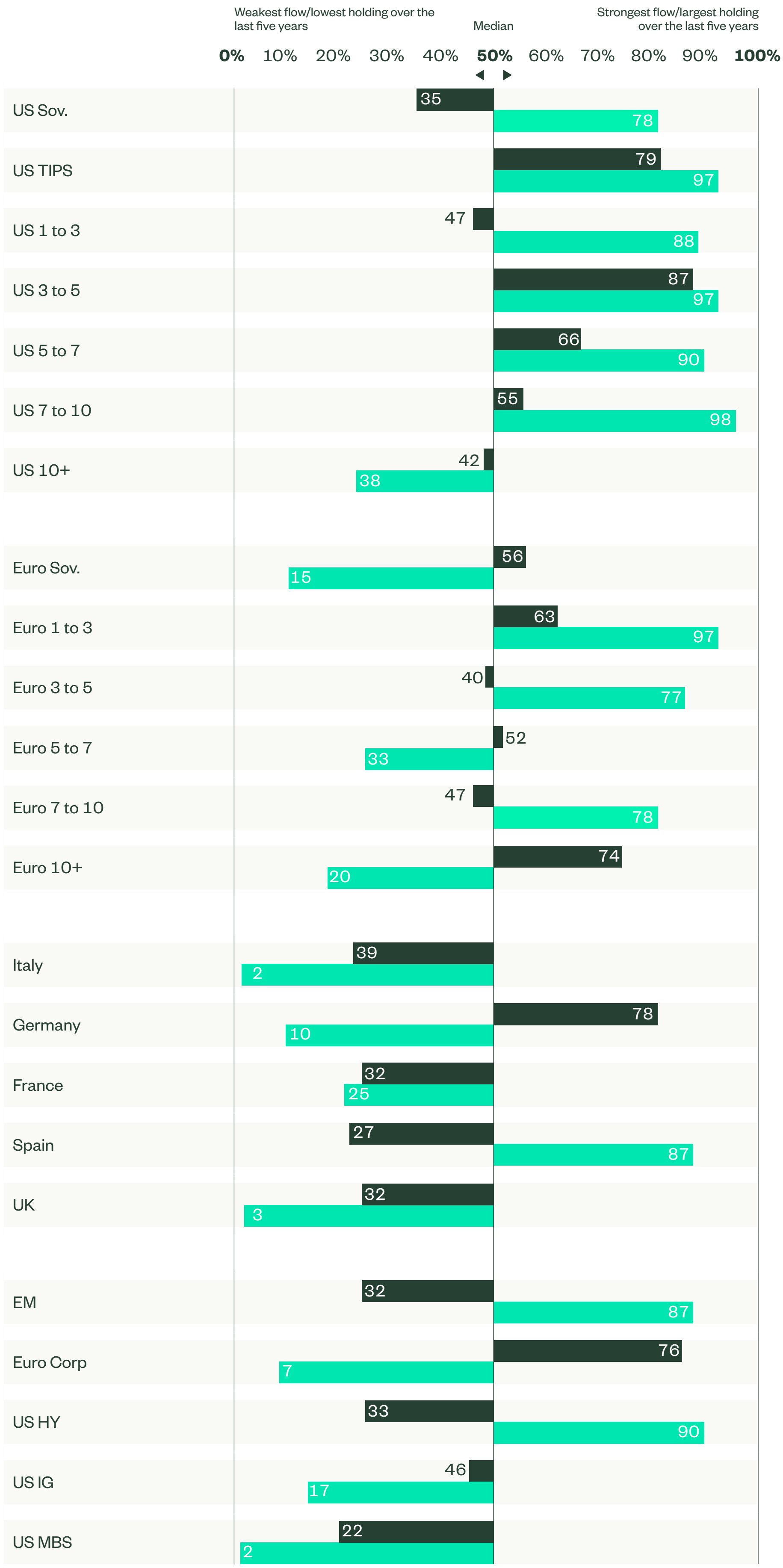
Q4 2021
Flows & Holdings

90-Day Flows

Holdings*

These metrics are generated from regression analysis based on aggregated and anonymous flow data in order to better capture investor preference and to ensure the safeguarding of client confidentiality. The figures are shown as percentiles, expressing the flows and holdings over the last quarter, relative to the last five years. The benefit of this approach is that it provides perspective on the size of flows and holdings compared to their historical trends, whereas a single, dollar figure provides less context.

For more information please visit globalmarkets.statestreet.com

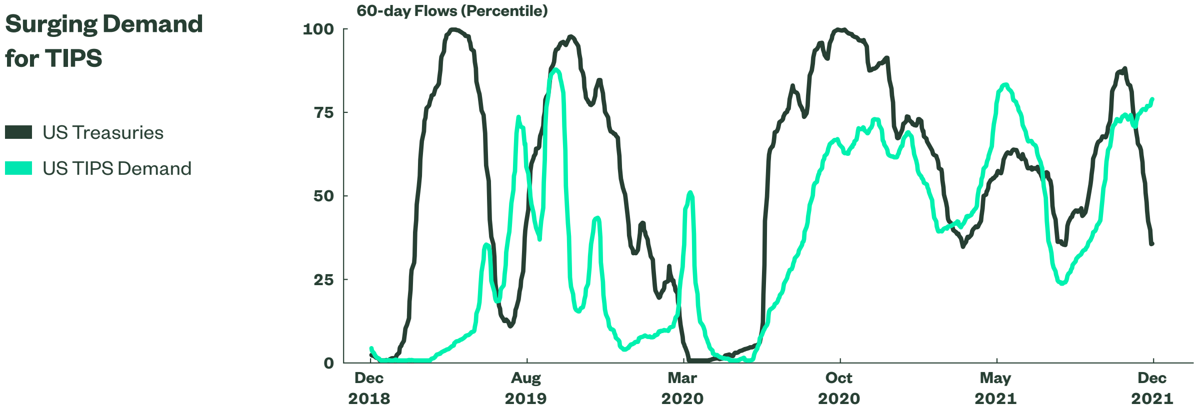


Source: State Street Global Markets, as of 31 December 2021. Flows and holdings are as of date indicated. They should not be relied thereafter. *As at quarter end.

Safety First for Treasuries

Demand for US Treasuries has waned as the Fed has repeatedly turned more hawkish, first by accelerating the taper timeline and then by signaling the potential for three rate hikes in 2022. Inflation, which the Fed no longer describes as transitory, was largely behind this rapid change in outlook and remains the top market risk for many investors. It's therefore no surprise that demand for inflation-protected securities remains in the top quartile, even as overall Treasury demand fell below neutral. A closer look at our Treasury flows shows that robust demand continues at the belly of the curve, an indication that overall rate hikes may prove shorter and shallower than expected. At the same time, buying has waned longer out the curve, which when combined with TIPS demand indicates that we are not out of the inflation woods just yet, even as the Fed is signaling a willingness to try to contain prices. If these crosscurrents seem at odds with each other at times, it's just a sign of the challenging economic environment that greets us in 2022.

Surging Demand for TIPS

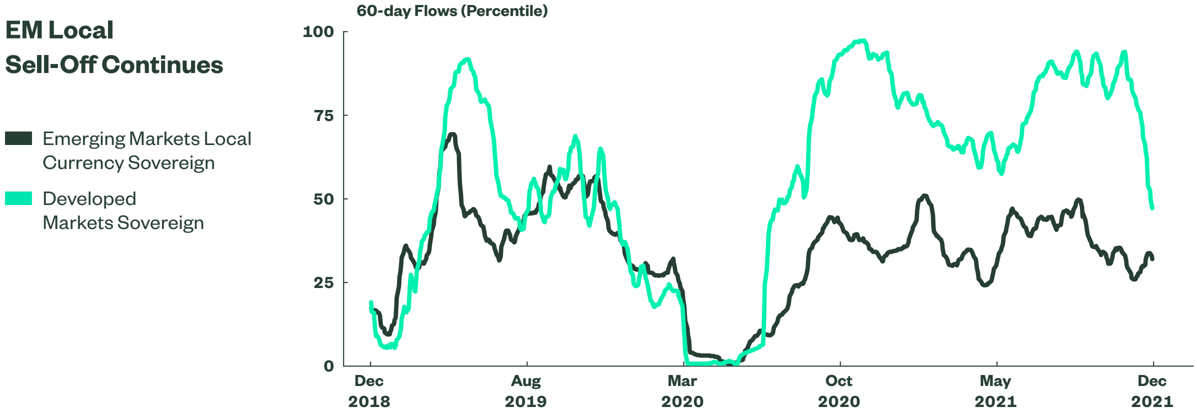


Source: State Street Global Markets, as of 31 December 2021.

Safety First for Sovereign Bonds

Emerging market investors faced a formidable wall of worry in 2021, with uneven vaccination schedules and surging inflation high on the list of concerns. With another year of negative currency returns eroding much of the yield advantage offered by local currency bonds, investors notably favoured developed market sovereigns for the better part of 2021. As the chart indicates, our flows show that real money investors have been net sellers of EM local currency bonds relative to benchmarks since last spring, a trend that continued into year end. And while positioning has fallen to neutral, many of the concerns that challenged EM in 2021 carry into the new year. In particular, inflation remains an ongoing headwind, despite 25 percentage points of rate hikes across the EM complex. The hawkish pivot from DM central banks has notably eroded buying in those markets, with rate hikes in 2022 now expected across much of the G-10. This has nonetheless narrowed the yield advantage enjoyed by EM sovereigns, which may be further challenged if overall tighter financial conditions drive market volatility. For the moment, it seems that investors will continue to favour the safety of the DM over EM debt markets.

EM Local Sell-Off Continues

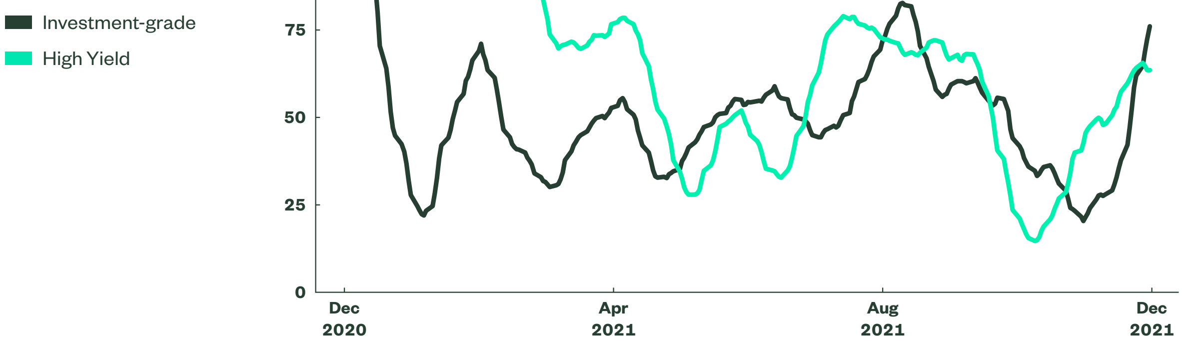


Source: State Street Global Markets, as of 31 December 2021.

Reaching for Corporate Yield

While global rates saw their most significant repricing since the 2013 taper tantrum, absolute yields nonetheless remained near their all-time lows. This has created a reach for yield across spread products, particularly corporate bonds, which saw spreads compress to their lowest recorded levels this past summer. Low funding costs ultimately drew a plethora of issuers to the primary market, with high yield sales setting a record, while investment-grade bonds were just behind 2020's record sales. Spreads and overall yields buckled under the weight of all this issuance, and real money flows were underweight for much of the fall. More recently, we have seen investors again reach for yield, with a reversal of selling in both high yield and investment-grade sectors, pushing our 20-day moving averages back toward their summer highs. Given that high yield was one of the few fixed income sectors to report positive gains last year, we suspect that this demand will continue as long as Treasury yields remain contained.

Investors Reaching for Yield



Source: State Street Global Markets, as of 31 December 2021.

PriceStats®

Quarterly measure of inflation based on prices from millions of items sold by online retailers, helping investors anticipate and evaluate the impact of inflation.

PriceStats® provides high-frequency measures of inflation and real exchange rates drawn from prices on millions of items sold by online retailers. This real-time pulse of global economic trends helps investors anticipate and evaluate the impact of inflation, including the impact on monetary policy and the degree of exchange rate misalignments.

This information is available on a daily basis from State Street Global Markets: globalmarkets.statestreet.com.

Stability in the Woods

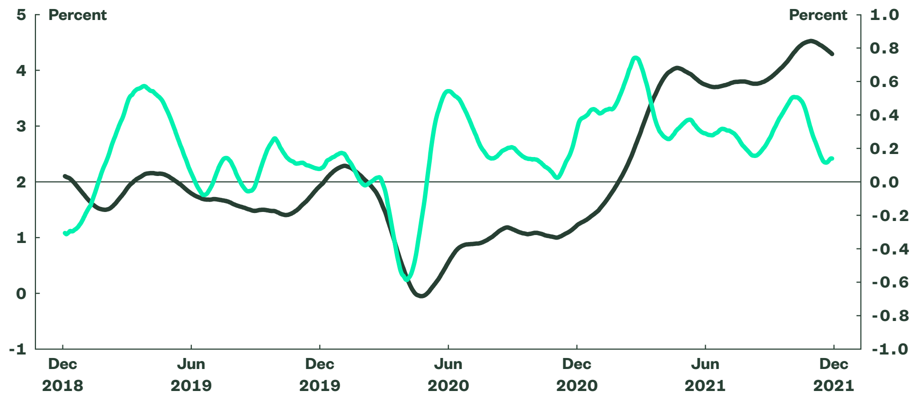
If there was a standout development in 2021, it was the rise in inflation — and how a "transitory" price surge proved to be far more stubborn than expected. The US Federal Reserve (Fed) has certainly taken notice, penciling in three rate hikes for 2022 while dropping the term transitory from its communications. Nonetheless, it expects prices to settle down by the second half of 2022, with an "average" inflation projection of 2.3% in 2023. To say that this is the most important economic forecast in the financial markets is not an overstatement.

PriceStats is showing signs of moderating inflation, with the potential front-loading of prices before the holidays. As the chart below indicates, the monthly gains in December prices were near the year's lowest, although the elevated gains for 2021 underscore that we are far from being out of the woods. Additionally, the historical pattern of falling monthly prices in the fourth quarter in anticipation of holiday sales was not evident in 2021. Instead, we had to settle for a slowing of monthly patterns as we wait to see whether the Fed's view of stabilising prices in mid-2022 comes to fruition.

PriceStats: US Inflation

PriceStats, United States, YoY%

PriceStats, United States, MoM% (right-hand scale)



Source: State Street Global Markets, as of 31 December 2021.

Inflation, the Global Edition

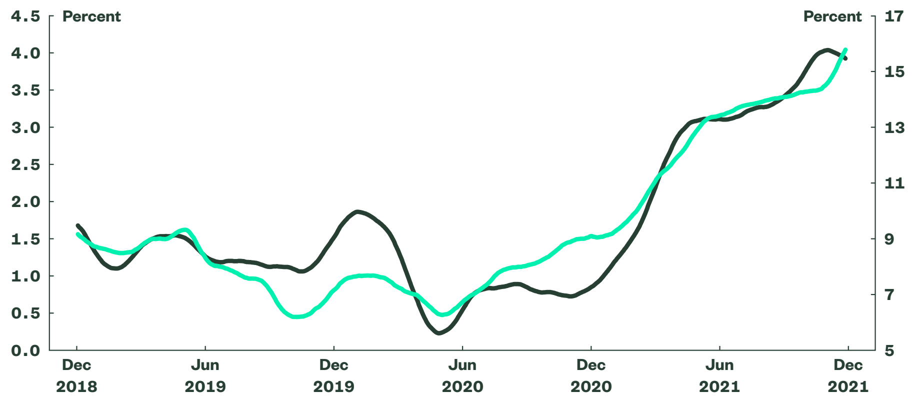
COVID-19 sparked a global pandemic, and the inflation surge that it produced has been a worldwide problem. With the developed world and emerging countries experiencing COVID much differently, it's no surprise that differences have emerged between developed market (DM) and emerging market (EM) inflation profiles.

As the chart below shows, prices continue to rise faster in most of the emerging countries we track. The PriceStats EM series stood in excess of 15% at year end, versus an overall DM reading of 3.9%. As a result, EM central banks have been at the forefront of this rate hiking cycle, with 10 countries raising their policy rates by more than 25 percentage points over the course of 2021. With currency devaluation contributing to higher food and fuel prices, and the fact that a disproportionate share of EM spending goes to these categories, the emerging world will continue to struggle with high prices to start the new year.

PriceStats: Developed vs. Emerging Market Inflation

PriceStats, Developed Markets, YoY%

PriceStats, Emerging Markets, YoY% (right-hand scale)



Source: State Street Global Markets, as of 31 December 2021.

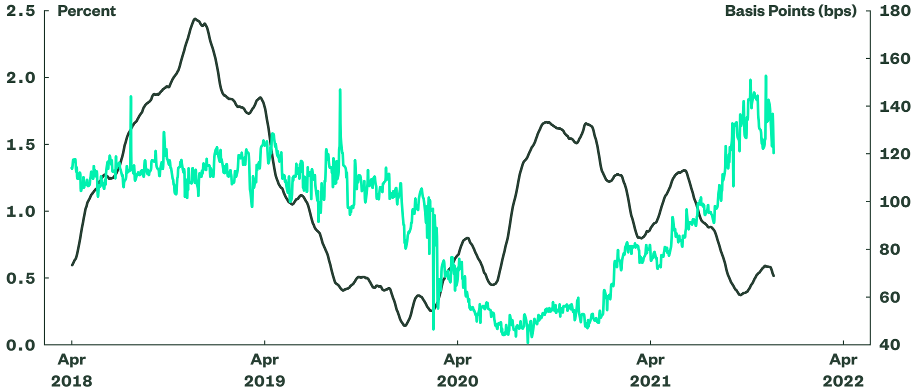
Swept Up in the Inflation Wave

Inflation is rising even in historically slow growing countries/regions such as Japan and the eurozone, where PriceStats signals are experiencing yearly gains in excess of 3%. Yet while the Fed has abandoned its transitory tone, leaders at the European Central Bank (ECB) and Bank of Japan believe that prices will likely settle down soon; they remain more concerned about deflation than inflation. For the moment, investors remain sanguine about rate hikes in Europe and Japan, expecting only minimal changes this year. This has created extreme disparities across regional rate expectations, including the widening schism between the UK and the eurozone.

As illustrated in the chart below, the inflation gap between the two has narrowed substantially and is well below 10-year averages, driven mainly by rapidly rising inflation in the eurozone. However, we have not seen equal movement in rate expectations, which have been growing for the Bank of England but remain relatively subdued for the ECB. Therefore, the spread between the two-year rate expectations is at historic levels, despite very similar current inflation dynamics. These extreme relationships hint that some form of reversion is forthcoming, most likely via either slowing eurozone prices or rate spreads to compensate for above-average prices.

A Widening Gap: Inflation vs. Rate Expectations

- PriceStats, United Kingdom-Eurozone, YoY%
- 2-Year Forward Rate Spread, United Kingdom-Eurozone (right-hand scale)



Source: State Street Global Markets, as of 31 December 2021.

Q1 Investment Outlook

State Street Global Advisors has identified key considerations for investors in the coming quarter, and how markets may be navigated using SPDR ETFs.

Investment Theme #1

Sustained Growth Momentum: Sticking with High Yield

- **The solid growth backdrop and rising yield environment mean that we continue to favour high yield exposure. Its lower duration and high coupon should support returns in an otherwise bond-unfriendly backdrop.**

COVID weighed on growth at the close of 2021 but expectations for 2022 remain robust, with State Street Global Advisors forecasting 4.4% for both the US and Europe.[1] Above-target inflation, coupled with still-strong growth, set the scene for the Federal Reserve (Fed) to start its tightening cycle and the market has now priced in more than 3 rate rises from the Fed during the course of 2022. The ECB is on a more shallow trajectory but is expected to cease bond purchases under its emergency PEPP scheme at the end of Q1 2022. There is around a **50% chance of a 25bp rate rise** priced in by the end of 2022.[2]

COVID waves could still curtail growth, but with many G10 countries opting to vaccinate and keep their economies open, dips in growth expectations have become increasingly shallow. As a result, we continue to favour high yield exposure for a few reasons: returns from the coupon; a favourable growth backdrop; and avoiding a fight with the Fed.

Much of the Return Comes from the Coupon

In an environment where the economic backdrop is likely to push bond yields higher, the coupon will provide a key source of returns. For example, in 2021, all of the 3.33% total return from the Bloomberg Liquidity Screened Euro High Yield Index was accounted for by coupon payments. With the yield to worst on this index being just over 2.8%, this comfortably outstrips yields available on either investment grade (0.5%) or government bond strategies (0.16%).[3] In the US market, the Bloomberg SASB U.S. Corporate High Yield Ex-Controversies Select Index has a yield to worst of just over 4% against 2.28% for investment grade and 1.23% for Treasuries.

In addition, high yield bonds typically have a shorter duration than investment grade funds. The Bloomberg SASB U.S. Corporate High Yield Ex-Controversies Select Index has an option-adjusted duration of 4.0 against 8.65 for its investment grade counterpart, meaning its price is half as sensitive to moves higher in yields.

Strong Growth Still Makes for a Favourable Backdrop for Corporates

Strong economic growth should underpin earnings and help to sustain tight credit spreads. There are several potential challenges that companies face, not least high inflation and the potential for it to push wages higher. Rising central bank interest rates may also negatively affect earnings (outside of banks) but growth is forecast to remain stronger than trend, meaning there should be scope to pass on some of the rise in costs to the end user.

Furthermore, companies entered 2022 in good financial shape. The upgrades/downgrades ratio did slip from the highs in Q4 2021 but it remains firmly in positive territory both in Europe and the US.

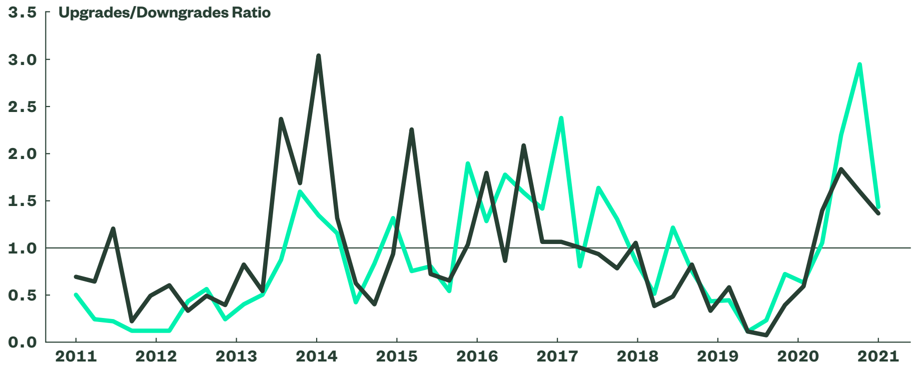
1 Source: Global Macro Policy Quarterly by State Street Global Advisors GMPR Quarterly (December 2021) (ssga.com).

2 Source: Bloomberg Finance L.P., as of **5 January 2022**.

3 The yield to worst levels reference the Bloomberg SASB Euro Corporate Ex-Controversies Select index and the Bloomberg Euro-Aggregate: Treasury Index for EUR and the Bloomberg SASB U.S. Corporate Ex-Controversies Select index and the Bloomberg U.S. Treasury Index for USD. Source Bloomberg Finance L.P., as at 31 December 2021.

Figure 1
Upgrades/ Downgrades Ratio for Western Europe Off the Highs but Still Well Above 1

S&P
Moody's



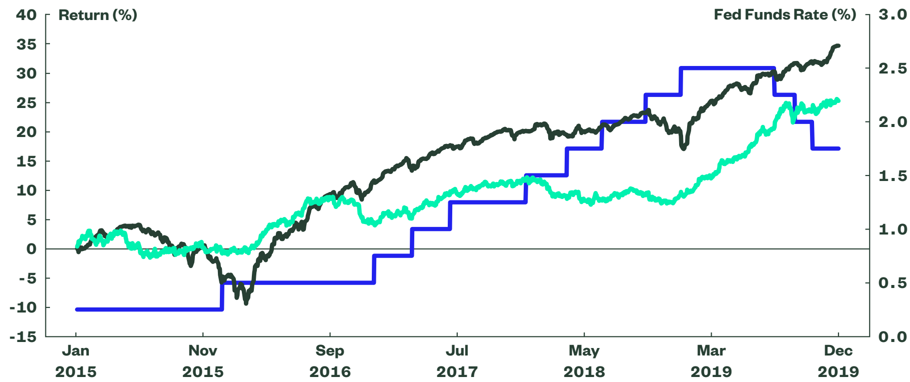
Source: S&P, Moody's and Bloomberg Finance L.P., as of 31 December 2021.

Don't Fight the Fed

Looking at the 2016 policy cycle, high yield had a shaky start but then provided solid returns for the duration of the tightening. A key reason for the negative returns into the first rate rise was that the Fed tightened policy in a weakening growth environment; the manufacturing ISM had dropped below 50 by the end of 2015. Therefore, there were real concerns that policy tightening would kill growth. This proved not to be the case and the better performance of US high yield over the remainder of the tightening cycle coincided with the recovery in the ISM.

Figure 2
High Yield Returns Outstripped Those of Treasuries During the Last Fed Tightening Cycle

US High Yield
US Treasuries
Fed Funds Rate (rhs)



Source: Bloomberg Finance L.P., as of 1 January 2022. Returns are since 31 December 2014, derived from the Bloomberg U.S. Corporate High Yield Bond Index and the Bloomberg U.S. Treasury Index. Past performance is not an indicator of future returns. It is not possible to invest directly in an index. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income as applicable.

This return profile was not reflected by Treasuries, where the lower coupon and longer duration worked against them. They initially put in a better performance around the first rate rise but then returns stagnated for much of the tightening cycle, with a meaningful upturn not arriving until the final rate rise. With the latest signals from the Fed suggesting the potential for rapid rate rises and a run-down of the balance sheet, 2022 could prove to be a similar environment.

How to Play this Theme

SPDR Bloomberg Barclays Euro High Yield Bond UCITS ETF

SPDR Bloomberg SASB U.S. High Yield Corporate ESG UCITS ETF

Investment Theme #2

Emerging Market Debt: A More Defensive Twist

- **The high yield on emerging market debt makes it appealing, but 2021 proved that many other factors also have to align to produce positive performance. We look to other strategies, such as Chinese bonds, to raise returns and diversify risk. An alternative is inflation-linked bonds, which can provide some protection against surging price pressures.**

Emerging market (EM) debt had a tricky 2021 and failed to deliver on its potential. The combination of fears over Federal Reserve (Fed) tapering, the resilience of the USD and high domestic inflation forcing their own central banks to tighten, all resulted in weakness through both the currency and the bond price.

We still see the potential for positive returns, not least because there are yields in excess of 5%[1] on offer. But in an environment of Fed policy tightening, which pushes US Treasury yields higher and supports the USD, it is unclear what the near-term catalyst for performance will be. In addition, there are few signs that the high inflation that drove local central banks to tighten policy is easing, with the PriceStats® measure of inflation still pointing to strong rises in price pressures (see the PriceStats® section of the Bond Compass).

Playing a More Defensive Game

There are still ways that investors can access the higher yields on offer and diversification benefits of EM debt without being exposed to all of the risks. One way is through Chinese government bonds.

- Yields are at the lower end of the EM spectrum but remain high relative to developed markets. The yield to worst on the Bloomberg China Treasury 100BN Index was just below 2.7% at the close of 2021 against 1.23% for the Bloomberg U.S. Treasury Index.[2] Moreover, Chinese CPI is relatively subdued at 1.5% year on year, meaning real yields are positive, unlike in most of developed markets.

- In contrast to many other central banks, a slowing economy means that the PBoC is currently easing monetary policy. This should support Chinese debt even if the sell-off in US Treasuries continues and therefore provides significant diversification benefits to a fixed income portfolio.

- The CNY is on a managed float and, as a result, has remained firm versus the USD. This is in contrast to other EM currencies that depreciated significantly versus the USD in 2021 due to high inflation and uncertainty over the impact of COVID.

- The flow backdrop should be supportive, with Chinese government bonds being included in the FTSE World Government Bond index from October 2021. There should be regular monthly inflows from investors wanting to reflect the construction of that index. In addition, Honk Kong's Financial Services and the Treasury Bureau announced in December that the Hong Kong Mandatory Provident Fund should be able to invest in Chinese government bonds from mid-2022.

1 The yield to worst on the Bloomberg Emerging Markets Local Currency Liquid Government Index was 5.2%. Source: Bloomberg Finance L.P., as at 31 December 2021.

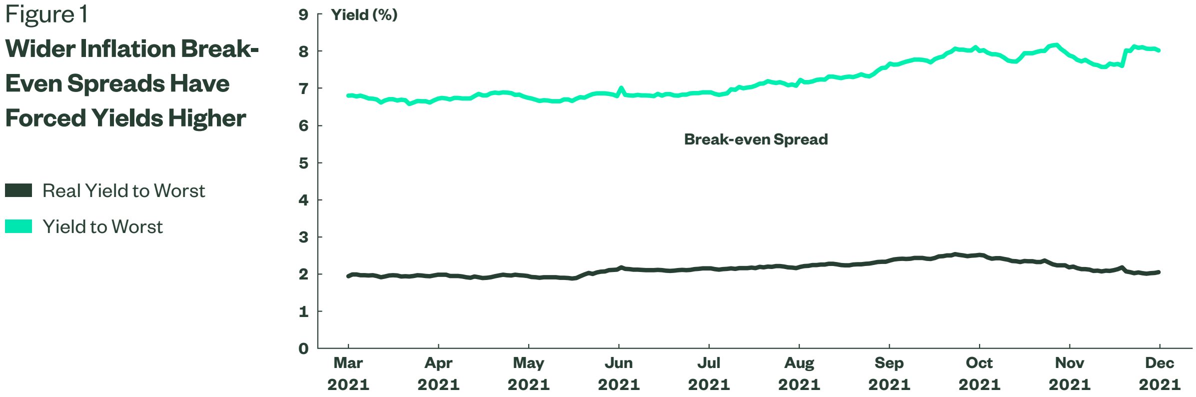
2 Source: Bloomberg Finance L.P., as at 31 December 2021.

Protection from Inflation

China's CPI has remained well contained, but it is not the case in most of the rest of the EM complex. So while yields are high in nominal terms they are often low or negative in real terms. One way of protecting against this is through an inflation-linked bond fund.

As detailed in the PriceStats® section, EM inflation shows little sign of abating. This should support the coupon payments on inflation-linked bonds. As can be seen in Figure 1, the yield on the Bloomberg EM Inflation-Linked 20% Capped Index had risen to around 8% by the end of 2021, largely due to the widening of break-even spreads.[3]

Figure 1
Wider Inflation Break-Even Spreads Have Forced Yields Higher



Source: Bloomberg Finance L.P., as of 31 December 2021.

Even if inflation does start to ease, the lagged nature of the coupon payments (for instance, the current coupon paid out references inflation 4 months ago for South Africa and Russia) means that coupons should remain high for the coming quarter.

Inflation-linked bonds remain subject to many of the same risks as nominal bonds. For example, the catastrophic performance of Turkish debt and the lira were a key drag on returns of the Bloomberg EM Inflation-Linked 20% Capped Index in 2021. However, the high nominal yield should act to offset bond price declines as a result of central bank tightening, while at the same time benefitting if the USD does start to soften.

How to Play this Theme

SPDR® Bloomberg Barclays China Treasury Bond UCITS ETF (Acc)

SPDR® Bloomberg Barclays EM Inflation Linked Local Bond UCITS ETF (Dist)

3 The yield to worst on the Bloomberg EM Inflation-Linked 20% Capped index averaged 8.01% during the final week of 2021. Source: Bloomberg Finance L.P., as of 31 December 2021.

Investment Theme #3

Riding Out The Fed Cycle: Short Duration

- **Yields could continue their rise as central bank tightening moves up a gear. This should favour short-duration strategies where the short end of the curve already prices in rate rises. Investment grade exposures would be preferred given better carry than government bonds.**

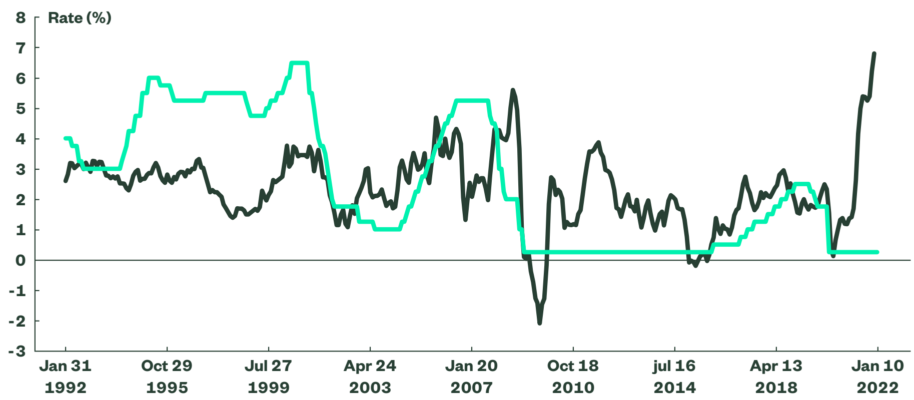
It has been a tricky start to 2022 for bond investors, with yields pushing higher on the back of the pivot by the Federal Reserve (Fed) toward a more aggressive policy stance. While the Fed continues to buy US Treasuries, rhetoric from the FOMC that it will accelerate policy tightening as a result of the persistently high level of inflation has seen the December 2022 Fed Funds Future move from pricing rates at 20–30bp at year-end to 95bp.[1]

This pricing of between 3 and 4 rate hikes is aggressive and should see the front end of the curve fairly well protected. In short, it is difficult to see the Fed delivering more than 4 hikes this year. However, that does not mean that the bond market sell-off has run its course. The market still prices a relatively low terminal rate. The 1-month USD overnight index swap rate (a proxy for the Fed Funds rate) is at just 1.75% 5 years forward. So the market is projecting a contained rate hike cycle but the peak would be low relative to the Fed's dot plot (2.5%) and in the context of such a high inflation rate.

Many of the factors driving inflation are supply related and therefore not likely to be affected by policy rates. However, as Figure 1 illustrates, the Fed Funds rate peaks in previous cycles have at least been somewhere near to the highs in inflation, otherwise real rates remain heavily negative and are therefore insufficient to bear down on aggregate demand. While inflation is set to ease from the highs there are risks that the market starts to question the assumption of a low terminal rate and this could see yields in the belly of the curve continue to push higher.

Figure 1
The Top to Fed Funds Rate has Historically been Above US Inflation

US CPI YOY
Fed Funds



Source: Bloomberg Finance L.P., as of 31 December 2021.

1 Source Bloomberg Finance L.P., as of 10 January 2022.

Sticking to Short-duration Strategies

A focus on short-duration strategies would reduce investor sensitivity to any further upside rate risk. For instance, the Bloomberg 0–3Y EUR Corporate Index has less than 30% of the duration of the all-maturities index, meaning price losses suffered for a given rise in rates will be more than 3 times greater for holders of the all-maturities index.

We prefer investment grade (IG) credit exposures to government bonds for three reasons:

1. Yields are still historically low and IG exposure offers more by way of carry as spreads to government bonds have widened from their tightest levels seen over the summer.[2] We see limited risk of a material spread widening given the strong underlying growth expected in 2022 — indeed, if growth materially disappoints then the Fed will most likely pause or delay the tightening cycle (see Theme 1 for a wider discussion on this).

2. The State Street flows tracker suggests that there has been a swing in investor preferences away from Treasuries (outside of TIPS), but flows into IG credit have picked up.

3. Short-end IG credit funds typically have large exposure to bank bonds — both the Europe and US Bloomberg 0–3 Year corporate bond indices have a sector allocation of more than 39% to banking bonds. Unlike regular corporates, higher yields and steeper curves typically boost banking profits and thus should not be associated with any deterioration in credit quality.

For EUR exposures there is the added backstop that the ECB continues to purchase corporate bonds. While the PEPP is scheduled to come to a close at the end of Q1 2022, purchases under the CSPP programme are likely to continue and, in 2021, these purchases averaged EUR 1.5 billion per week.

How to Play This Theme

SPDR® Bloomberg Barclays 0–3 Year Euro Corporate Bond UCITS ETF (Dist)

SPDR® Bloomberg Barclays 0–3 Year U.S. Corporate Bond UCITS ETF (Dist)

2 The option-adjusted spread on the Bloomberg 0–3Y EUR Corporate Index has widened out above 56bp from tights of 48.2bp and the Bloomberg 0–3Y US Corporate Index has widened to 47bp from 34.2bp. Source Bloomberg Finance L.P., as of 10 January 2022.

Performance

SPDR® Bloomberg Barclays Euro High Yield Bond UCITS ETF

Inception Date: 3 February 2012

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	Since Inception
SPDR Bloomberg Barclays Euro High Yield Bond UCITS ETF	0.90	-0.16	0.25	2.91	2.91	2.28	4.83	2.48	2.98	3.32	N/A	5.19
Bloomberg Barclays Liquidity Screened High Yield Bond Index	0.94	-0.07	0.41	3.33	3.33	2.59	5.23	2.87	3.40	3.75	—	5.57
Difference	**-0.05**	**-0.09**	**-0.17**	**-0.42**	**-0.42**	**-0.30**	**-0.41**	**-0.39**	**-0.42**	**-0.43**	**—**	**-0.38**

SPDR® Bloomberg SASB U.S. High Yield Corporate ESG UCITS ETF

Inception Date: 19 September 2013

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	Since Inception
SPDR Bloomberg SASB U.S. High Yield Corporate ESG UCITS ETF	2.09	0.87	1.30	5.06	5.06	5.01	6.42	4.75	4.84	4.66	N/A	4.24
Bloomberg SASB US Corp HY ESG Ex-Controversies Select Index*	2.02	1.01	1.71	5.68	5.68	5.22	6.74	5.09	5.25	5.09	—	4.73
Difference	**0.07**	**-0.14**	**-0.41**	**-0.62**	**-0.62**	**-0.21**	**-0.32**	**-0.35**	**-0.41**	**-0.43**	**—**	**-0.48**

Note that there was an index change on 31 October 2021*.

SPDR® Bloomberg Barclays EM Inflation Linked Local Bond UCITS ETF

Inception Date: 24 April 2013

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	Since Inception
SPDR Bloomberg Barclays EM Inflation Linked Local Bond UCITS ETF	2.87	-0.99	-3.82	-5.20	-5.20	-3.14	1.88	-0.07	2.19	0.32	—	-1.27
Bloomberg Emerging Markets Inflation Linked 20% Capped Index	2.99	-0.70	-3.38	-4.29	-4.29	-2.25	2.80	0.84	3.12	1.13	—	-0.51
Difference	**-0.12**	**-0.29**	**-0.43**	**-0.91**	**-0.91**	**-0.90**	**-0.92**	**-0.90**	**-0.92**	**-0.81**	**—**	**-0.76**

Source: State Street Global Advisors, as of 31 December 2021. Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit ssga.com for most recent month-end performance. The calculation method for value added returns may show rounding differences. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. **Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability.**

Performance (cont'd)

SPDR Bloomberg Barclays 0–3 Year U.S. Corporate Bond UCITS ETF

Inception Date: 27 August 2013

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	Since Inception
SPDR Bloomberg Barclays 0–3 Year U.S. Corporate Bond UCITS ETF	0.02	-0.42	-0.30	-0.11	-0.11	1.46	2.47	2.24	2.09	1.84	—	1.70
Bloomberg U.S. Corporate 0–3 Years Index	0.02	-0.39	-0.25	-0.01	-0.01	1.57	2.59	2.38	2.26	2.05	—	1.94
Difference	**0.00**	**-0.03**	**-0.05**	**-0.10**	**-0.10**	**-0.12**	**-0.12**	**-0.14**	**-0.16**	**-0.22**	**—**	**-0.24**

SPDR Bloomberg Barclays 0-3 Year Euro Corporate Bond UCITS ETF

Inception Date: 27 August 2013

	1 Month	3 Month	6 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	Since Inception
SPDR Bloomberg Barclays 0–3 Year Euro Corporate Bond UCITS ETF	0.00	-0.25	-0.30	-0.27	-0.27	0.00	0.23	0.05	0.05	0.20	—	0.43
Bloomberg Euro Corporate 0–3 Years Index	0.03	-0.18	-0.16	-0.03	-0.03	0.29	0.53	0.34	0.35	0.49	—	0.72
Difference	**-0.03**	**-0.07**	**-0.13**	**-0.23**	**-0.23**	**-0.29**	**-0.30**	**-0.29**	**-0.30**	**-0.30**	**—**	**-0.30**

Source: State Street Global Advisors, as of 31 December 2021. Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit ssga.com for most recent month-end performance. The calculation method for value added returns may show rounding differences. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. **Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability.**

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ID868409-2228182.54.1.GBL.INST 0122
Exp. Date 30/04/2022